

**AMENDMENTS TO THE CLAIMS:**

This listing of claims will replace all prior versions and listings of claims in the application:

1. (Currently Amended) A method of structuring a performance-based participation certificate contract, comprising the steps of:

- identifying a pool of assets;
- identifying parameters for the assets;
- establishing a guarantee fee for a security;
- identifying a manner of securing ~~[[a]]~~ the guarantee fee for the contract;
- issuing ~~[[a]]~~ the security reflecting the parameters of the assets; ~~[[and]]~~
- measuring performance of the assets using a performance index; and
- resetting the guarantee fee for the security, based on realized performance of the assets, once every predetermined time period.

2. (Currently Amended) The method of Claim 1, wherein the guarantee fee  $G_t$  is defined as:

$$G_t = \text{Min} [\text{Max} (G_0 + \text{PPA}_t + \text{TPA}_t, \text{MinG}), \text{MaxG}]$$

and is based on the following parameters:

a base guarantee fee  $G_0$ ;

a performance index  $PI_t$ ;

a price reset frequency;

a performance measurement ~~PM<sub>t</sub>~~ dependent on the performance index  $PI_t$ ;

a permanent price adjustment  $PPA_t$  dependent on the performance index  $[[PI_t]]$ ;

a temporary price adjustment  $TPA_t$  dependent on the performance index  $[[PI_t]]$ ;

and

a maximum lifetime guarantee fee  $MaxG$  and a minimum lifetime guarantee fee  $MinG$ .

3. (Original) The method of Claim 2, wherein the base guarantee fee is based on the lowest guarantee fee currently charged for the assets.

4. (Currently Amended) The method of Claim  $[[2]]$  1, wherein the performance index is any publicly observable index that is correlated with credit risk.

5. (Original) The method of Claim 2, wherein the price reset frequency is one of a group consisting of:

an annual reset;

a semi-annual reset; and

a quarterly reset.

6. (Original) The method of Claim 2, wherein the performance measurement  $PM_t$  is defined as:

$$PM_t = \text{Roundup} [(PI_t + PI_{t-1} + PI_{t-2} + PI_{t-3})/4] * [1/.01] - 1;$$

wherein  $PI_t$ ,  $PI_{t-1}$ ,  $PI_{t-2}$ , and  $PI_{t-3}$  are performance indexes measured at different points in time.

7. (Currently Amended) The method of Claim 2, further including calculating  
a wherein the permanent price adjustment  $PPA_t$  is defined as:

$$PPA_t = \text{Max} (PPA_{t-1}, PM_t * PPAF);$$

wherein  $PPA_{t-1}$  is a previous permanent price adjustment,  $PM_t$  is a current performance measurement, and PPAF is a permanent price adjustment factor.

8. (Original) The method of Claim 2, wherein the temporary price adjustment  $TPA_t$  is defined as:

$$TPA_t = PM_t * TPAF;$$

wherein  $PM_t$  is a current performance measurement and TPAF is a temporary price adjustment factor.

9. (Original) The method of Claim 2, wherein the maximum and the minimum lifetime guarantee fees are lifetime limits on the guarantee fee.

10. (Currently Amended) A method of structuring a performance-based participation certificate contract, comprising the steps of:

identifying a pool of assets;

identifying parameters for the assets;

establishing a guarantee fee for a security;

identifying a manner of securing the guarantee fee for the contract;

issuing the security reflecting the parameters of the assets;

resetting the guarantee fee for the security, based on realized performance of the assets, once every predetermined time period~~—The method of Claim 1~~, wherein the manner of securing one or more future guarantee fee increases ~~[[is]]~~ comprises at least one of a group consisting of:

- varying an interest payment to a security holder as a guarantee fee varies;
- retaining an excess servicing strip; and
- securing future guarantee fees with a corporate guarantee.

11. (Original) The method of Claim 1, wherein the assets are multi-family mortgages.

12. (Cancelled).

13. (Currently Amended) A computer program product comprising a computer usable medium having control logic stored therein for causing a computer to structure a performance-based participation certificate contract, said control logic comprising:

first computer readable program code means for causing the computer to identify a pool of assets;

second computer readable program code means for causing the computer to identify parameters for the assets;

third computer readable program code means for establishing a guarantee fee for a security;

~~third~~ fourth computer readable program code means for causing the computer to identify a manner of securing ~~[[a]]~~ the guarantee fee for the contract;

~~fourth~~ fifth computer readable program code means for causing the computer to issue ~~[[a]]~~ the security reflecting the parameters of the assets; ~~[[and]]~~

sixth computer readable program code means for measuring performance of the assets using a performance index; and

~~fifth~~ seventh computer readable program code means for causing the computer to reset the guarantee fee, based on realized performance of the assets, once every predetermined time period.

14. (Currently Amended) The computer program product of Claim 13, wherein the guarantee fee  $G_t$  is defined as:

$$G_t = \text{Min} [\text{Max} (G_0 + \text{PPA}_t + \text{TPA}_t, \text{MinG}), \text{MaxG}]$$

and is based on the following parameters:

a base guarantee fee  $G_0$ ;

a performance index  $PI_t$ ;

a price reset frequency;

a performance measurement  $PM_t$  dependent on the performance index  $PI_t$ ;

a permanent price adjustment  $\text{PPA}_t$  dependent on the performance index  $[[PI_t]]$ ;

a temporary price adjustment  $\text{TPA}_t$  dependent on the performance index  $[[PI_t]]$ ;

and

a maximum lifetime guarantee fee  $\text{MaxG}$  and a minimum lifetime guarantee fee  $\text{MinG}$ .

15. (Original) The computer program product of Claim 14, wherein the base guarantee fee is based on the lowest guarantee fee currently charged for the assets.

16. (Currently Amended) The computer program product of Claim [[14]] 13, wherein the performance index is any publicly observable index that is correlated with credit risk.

17. (Original) The computer program product of Claim 14, wherein the price reset frequency is one of a group consisting of:

an annual reset;

a semi-annual reset; and

a quarterly reset.

18. (Currently Amended) The computer program product of Claim 14, further including calculating a wherein the performance measurement  $PM_t$  is defined as:

$$PM_t = \text{Roundup} [(PI_t + PI_{t-1} + PI_{t-2} + PI_{t-3})/4] * [1/.01] - 1;$$

wherein  $PI_t$ ,  $PI_{t-1}$ ,  $PI_{t-2}$ , and  $PI_{t-3}$  are performance indexes measured at different points in time.

19. (Original) The computer program product of Claim 14, wherein the permanent price adjustment  $PPA_t$  is defined as:

$$PPA_t = \text{Max} (PPA_{t-1}, PM_t * PPAF);$$

wherein  $PPA_{t-1}$  is a previous permanent price adjustment,  $PM_t$  is a current performance measurement, and PPAF is a permanent price adjustment factor.

20. (Original) The computer program product of Claim 14, wherein the temporary price adjustment  $TPA_t$  is defined as:

$$TPA_t = PM_t * TPAF;$$

wherein  $PM_t$  is a current performance measurement and TPAF is a temporary price adjustment factor.

21. (Original) The computer program product of Claim 14, wherein the maximum and the minimum lifetime guarantee fees are lifetime limits on the guarantee fee.

22. (Currently Amended) A computer program product comprising a computer usable medium having control logic stored therein for causing a computer to structure a performance-based participation certificate contract, said control logic comprising:  
first computer readable program code means for causing the computer to identify a pool of assets;  
second computer readable program code means for causing the computer to identify parameters for the assets;  
third computer readable program code means for establishing a guarantee fee for a security;

fourth computer readable program code means for causing the computer to identify a manner of securing the guarantee fee for the contract;

fifth computer readable program code means for causing the computer to issue the security reflecting the parameters of the assets;

sixth computer readable program code means for causing the computer to reset the guarantee fee, based on realized performance of the assets, once every predetermined time period The computer program product of Claim 13, wherein the manner of securing one or more future guarantee fee increases is one of a group consisting of:

- varying an interest payment to a security holder as a guarantee fee varies;
- retaining an excess servicing strip; and
- securing future guarantee fees with a corporate guarantee.

23. (Original) The computer program product of Claim 13, wherein the assets are multi-family mortgages.

24. (Cancelled).

25. (Currently Amended) A method of structuring a credit enhancement contract, comprising the steps of:

- identifying a pool of assets;
- identifying parameters for the assets;
- establishing a credit enhancement fee for a security;



identifying a manner of securing [[a]] the credit enhancement fee for the credit enhancement contract;

issuing [[a]] the security reflecting the parameters of the assets; [[and]]  
measuring a performance of the assets using a performance index; and  
resetting the credit enhancement fee for the security, based on realized performance of the assets, once every predetermined time period.

26. (Original) The method of Claim 25, wherein the credit enhancement fee is a guarantee fee.

27. (Original) The method of Claim 1, further comprising:  
providing a guarantor with reimbursement for a predetermined amount of initial loss on the performance-based certificate contract.